

LONG POINT GAS & OIL LIMITED

Room 906, 357 Bay Street
Toronto 1, Ontario

March 16, 1964.

TO THE SHAREHOLDERS:

A Special General Meeting of the Shareholders of Long Point Gas & Oil Limited (Long Point) is to be held on April 7, 1964 to consider and if thought fit, to approve the taking of certain actions by Long Point to implement a plan for combining the assets and undertaking of Long Point with those of Consolidated West Petroleum Limited. A notice calling the meeting, together with financial statements of Long Point and Consolidated West Petroleum Limited as of December 31, 1963 accompany this letter.

In 1963, your Company's gas sales were \$128,570.91 compared to \$135,010.09 in 1962. The decline in sales as reported last year, reflects a further decline in the productivity of the Port Maitland field. There is evidence that the decline curve has flattened considerably with the result that production for the next four or five years should approximate the 1963 figures. It must, however, be recognized that without continuous development through the drilling of new wells in the area, production will gradually decline.

Your Company for the past two years has been operating by means of a bank loan and while the Company has been generating sufficient funds to gradually reduce the loan, the company is faced with the prospect of eventually going out of business unless funds are provided to resume development and exploratory drilling on the lake acreages.

Substantial funds are required for such development and in order to maintain the Company's exploratory licences in good standing the provincial government requires that the Company expend \$116,000. by July, 1964 and an additional \$232,000. by July 1965, in such development work.

With these factors in mind, your Directors engaged DeGolyer and MacNaughton, a well regarded consulting firm, to prepare an estimate of the potential of the Long Point wells. Their report estimates the reserves of the twenty-one producing wells on your Company's acreage at 2,404 MMCF. They also estimate that annual production with no further development will decline from 360 MMCF in 1964 to 77 MMCF in 1973.

The repaid decline in production of the Maitland field has been a great disappointment to your Directors, particularly when competent engineers employed by your Company, the Company consultants, and the Engineers of the Company purchasing the gas originally estimated a much greater potential for the field.

As a result of the conditions outlined above your Directors were faced with two alternatives; to raise additional funds to finance the necessary exploration and development program, or to amalgamate with a Company which has adequate funds to develop the Long Point acreage. Investigation of the money markets indicated that equity financing was not feasible and your Directors concentrated their efforts on the second alternative. After negotiations lasting some six months, Consolidated West Petroleum Limited

made a proposal to your Company, the terms of which are contained in the Agreement which will be submitted to the shareholders at the Special General Meeting. This Agreement provides for the sale by Long Point to Consolidated West Petroleum Limited of all its assets, including those of its wholly owned subsidiary Translake Drilling Limited. Under the plan Long Point will then distribute its assets and both Long Point and Translake Drilling Limited will surrender their Charters. This will result in the distribution to the Long Point shareholders of one share of Consolidated West Petroleum Limited for each 17½ shares of Long Point outstanding.

Consolidated West Petroleum Limited has been operating on Lake Erie for many years and has an annual gross revenue of about \$525,000. That Company has also recently had an estimate of their gas reserves prepared by DeGolyer and MacNaughton which indicates that without further exploration and development, gross revenue from its wells will amount to about \$5,500,000. in the period 1964 to 1978.

Your Directors believe that the plan is fair and reasonable in light of the current financial position of your Company, and recommend your acceptance. All your Directors intend to vote their personal shares in support of the plan.

If you do not intend to be present at the meeting would you kindly complete and return your Proxy. It is the intention of the persons named in the form of Proxy to vote in favour of approval of the action required by Long Point in order to implement the plan.

On behalf of the Board,

"M. A. COOPER",

President.

LONG POINT GAS & OIL LIMITED

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that a Special General Meeting of Shareholders of Long Point Gas & Oil Limited (the Company) will be held in the Council Chamber, the Board of Trade Building, 11 Adelaide Street West, Toronto, on Tuesday, the 7th day of April, 1964 at the hour of 10:30 o'clock in the forenoon (Toronto time) for the following purposes:

1. To consider and, if thought fit, to approve and authorize the execution of an Agreement dated the 26th day of February, 1964, between the Company and Consolidated West Petroleum Limited (Con West) whereby the Company will sell to Con West all the undertaking property and assets of the Company and Con West will assume all the liabilities of the Company and issue and allot to the Company 208,915 of the capital stock of Con West being on the basis of one share of Con West for each 17½ Long Point shares outstanding. A copy of the said Agreement may be inspected at the head office of the Company at any time during business hours prior to the date of the meeting.
2. To consider and, if thought fit, to authorize the distribution of the assets of the Company ratably amongst its shareholders after sale of the Company's undertaking property and assets as aforesaid and to authorize the surrender of the Charter of the Company after the making of such distribution.
3. To authorize the Directors and/or the proper officers of the Company to do all acts and things and to execute or cause to be executed, whether under the corporate seal or otherwise, all such deeds, transfers, assignments, instruments, agreements and documents as in their opinion may be necessary or desirable to give effect to the foregoing and to carry out the provisions of the said Agreement dated the 26th day of February, 1964 and to carry out the distribution of the assets of the Company ratably amongst its shareholders and to surrender the Charter of the Company.
4. To transact such further and other business as may properly come before the Meeting or any adjournment thereof.

DATED THIS 16th day of March, 1964.

By order of the Board,

"C. H. WALKER",
Secretary.

LONG POINT GAS & OIL LIMITED
(Incorporated under The Corporations Act of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1963
(with comparative figures for 1962)

ASSETS

	1963	1962
CURRENT ASSETS		
Cash	\$ 8,253.79	\$ 3,017.92
Accounts receivable	7,117.47	13,243.26
Prepaid expense	800.00	875.00
Total current assets	16,171.26	17,136.18
INVESTMENT IN WHOLLY-OWNED SUBSIDIARY — Note 1		
Shares — at cost	1,006.00	1,006.00
Note and advances receivable	117,728.91	101,883.93
	118,734.91	102,889.93
PROPERTY AND EQUIPMENT — at cost		
Oil and gas leases and licenses — Note 2		
Producing gas leases less accumulated depletion of \$88,209.57 (\$36,384.24 in 1962)	113,328.58	164,869.87
Undeveloped oil and gas leases and licenses of occupation (1963 rental charges \$23,648.10)	407,890.96	384,526.90
	521,219.54	549,396.77
Productive gas wells less accumulated amortization of \$309,243.30 (\$181,258.16 in 1962)	504,659.87	632,645.01
Gas pipe lines less accumulated depreciation of \$46,681.43 (\$32,968.04 in 1962)	61,930.43	75,643.82
Machinery and equipment less accumulated depreciation of \$5,170.99 (\$2,862.52 in 1962)	9,233.86	11,450.08
Manager's residence and office furniture less accumulated depreciation of \$4,704.52 (\$4,095.98 in 1962)	15,328.77	15,945.91
Property leased for future gas storage	1,646.22	1,646.22
	1,114,018.69	1,286,727.81
	<u>\$ 1,248,924.86</u>	<u>\$ 1,406,753.92</u>

LIABILITIES

	1963	1962
CURRENT LIABILITIES		
Bank loan (secured)	\$ 99,500.00	\$ 112,000.00
Accounts payable and accrued expenses	13,909.95	16,097.84
Total current liabilities	113,409.95	128,097.84
MORTGAGE PAYABLE — 5¼% interest, due May 6, 1974, monthly instalments of \$91.00 including principal, interest and taxes	5,954.20	6,373.48
SHAREHOLDERS, EQUITY		
Capital stock —		
Authorized —		
5,000,000 shares par value \$1.00 each		
Issued and fully paid —		
3,660,010 shares		
	Par Value	Discount
For property	\$ 850,000.00	\$ 765,000.00
For cash	2,810,010.00	1,401,000.00
	<u>\$ 3,660,010.00</u>	<u>\$ 2,166,000.00</u>
	Net	
	\$ 85,000.00	1,409,010.00
	<u>\$ 1,494,010.00</u>	
Deficit — as per statement (\$221,727.40 in 1962)	364,449.29	1,129,560.71
	1,129,560.71	1,272,282.60

Approved on behalf of the Board:

M. A. COOPER, Director.

C. H. WALKER, Secretary.

\$ 1,248,924.86 \$ 1,406,753.92

LONG POINT GAS & OIL LIMITED

EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 1963

1. Since the operations of the wholly-owned subsidiary, Translake Drilling Limited, are of a different nature from those of this company, the accounts of the subsidiary have not been consolidated with those of Long Point Gas & Oil Limited.

The loss on operations of the subsidiary for the year ended December 31, 1963 amounted to \$24,194.02 and the accumulated surplus of the subsidiary, not included in the accounts of the parent company, amounted to \$77,498.50 as at December 31, 1963.

2. The company holds title to 34 exploration licences of occupation in the Counties of Norfolk, Haldimand, and Welland in the Province of Ontario covering approximately 157,024 acres under Lake Erie, and 3 natural gas leases covering approximately 3,260 acres. The exploration and production rights to these properties were acquired for 850,000 shares of capital stock valued at 10¢ per share. In addition to the above cost, exploration and development costs in the amount of \$523,629.11 have been capitalized (including \$23,648.10 expended in 1963) bringing the total cost of the properties to \$608,629.11 of which \$201,538.15 represents the cost of the acreage converted to lease leaving \$407,090.96 as the cost attributable to the undeveloped acreage including carrying charges.

In addition to the above properties the company acquired the rights to oil and gas reserves on 360 acres of land adjoining the licences of occupation, for the sum of \$800.00.

The cost of the producing gas leases has been reduced by an accumulated depletion allowance in the amount of \$88,209.57. The provision for depletion and the provision for amortization of productive gas wells has been charged against revenue on a unit of production method based upon estimated reserves of natural gas. The depletion and amortization charges for 1963 are based upon the most recent estimates of natural gas reserves as determined in December, 1963. These estimates represent a substantial reduction from previous estimates and accordingly the accumulated provisions for depletion and amortization of prior years have been adjusted to reflect the reduction.

AUDITORS' REPORT

To the Shareholders
Long Point Gas & Oil Limited

We have examined the balance sheet of Long Point Gas & Oil Limited as at December 31, 1963 and the statement of profit and loss and deficit for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of profit and loss and deficit, together with the explanatory notes, present fairly the financial position of the company as at December 31, 1963 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
January 24, 1964.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants.

LONG POINT GAS & OIL LIMITED

STATEMENT OF PROFIT AND LOSS AND DEFICIT

For the Year Ended December 31, 1963

(with comparative figures for 1962)

	<u>1963</u>	<u>1962</u>
REVENUE		
Sale of natural gas	\$128,570.91	135,010.09
Less — Royalties	10,400.64	10,664.10
NET SALES	<u>118,170.27</u>	<u>124,345.99</u>
OPERATING EXPENSES		
District and field expenses	8,402.60	12,040.43
Lease operating expenses	24,106.21	18,585.74
Taxes and rentals	6,918.26	6,260.67
General and administrative expenses	24,648.78	37,727.92
	<u>64,075.85</u>	<u>74,614.76</u>
OPERATING PROFIT before depreciation, depletion and amortization	54,094.42	49,731.23
PROVISION FOR DEPRECIATION, DEPLETION AND AMORTIZATION	84,336.81	71,164.00
OPERATING PROFIT OR (LOSS)	<u>(30,242.39)</u>	<u>(21,432.77)</u>
OTHER CHARGES		
Cost of non-productive wells drilled during year		55,113.59
LOSS FOR YEAR	30,242.39	<u>76,546.36</u>
Adjustment of prior year's depreciation, depletion and amortization (Note 2)	112,479.50	
DEFICIT, JANUARY 1	<u>221,727.40</u>	145,181.04
DEFICIT, DECEMBER 31	<u>\$364,449.29</u>	<u>221,727.40</u>

CONSOLIDATED WEST PETROLEUM LIMITED*(Incorporated under the laws of Ontario)***and its wholly-owned subsidiary****CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1963****ASSETS****CURRENT:**

Cash		\$ 141,229	
Short term investments — at cost plus accrued interest		227,062	
Accounts receivable		53,372	
Inventories at the lower of cost or market value		31,287	
Prepaid expenses		33,157	\$ 486,107

INVESTMENTS:

Essex Gas & Oil Limited (Note 1) —			
Shares — at cost	\$ 49,833		
Advances	16,150	\$ 65,983	
Saratoga Processing Co. Ltd. — shares at market value		23,000	88,983

FIXED:

Land — at cost		\$ 3,379	
Buildings, pipelines and equipment — at cost	\$1,296,014		
Less accumulated depreciation	1,038,667		
	\$ 257,347		
Deposit on drilling barge (Note 2)	75,000	332,347	
		\$ 335,726	
Cost of producing wells less amortization to date —			
Gas wells (Note 4)	\$ 772,101		
Oil wells	75,084	847,185	1,182,911

Excess of cost of shares acquired over net assets of subsidiary company			3,769
			<u>\$1,761,770</u>

LIABILITIES**CURRENT:**

Accounts payable and accrued charges	\$ 49,662	
Taxes payable	36,923	
Royalties payable	29,668	\$ 116,253
Accumulated tax reductions applicable to future years (Note 3)		251,100

SHAREHOLDERS' EQUITY:

Capital —		
Authorized:		
2,500,000 common shares without par value		
Issued and fully paid:		
1,119,933 common shares	\$ 890,231	
Earned surplus	504,186	1,394,417

On behalf of the Board:

E. G. BULMER, Director.

H. J. EVANS, Director.

\$1,761,770

The attached "Notes to the Consolidated Financial Statements" form a part of this Statement and must be read therewith.

CONSOLIDATED WEST PETROLEUM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 1963

1. The accounts of one subsidiary, Essex Gas & Oil Limited, have not been consolidated in the attached financial statements as the operations of Essex Gas & Oil Limited are not considered significant at the present time. Essex Gas & Oil Limited provides for the amortization of pre-production, exploration and development costs in an amount equal to operating profit each year. Operating profit for the year ended December 31, 1963 amounted to \$1,237.23 and, accordingly, amortization of pre-production, exploration and development costs of \$1,237.23 was provided during the year. The unamortized balance of these costs at December 31, 1963 amounted to \$107,131.28.

2. At December 31, 1963, Consolidated West Petroleum Limited owned 1,345,000 shares of Essex Gas & Oil Limited out of a total of 1,350,000 shares outstanding at that date. As at December 31, 1963, the Company was committed to purchase a drilling barge and equipment at an estimated cost of \$520,000.00 for delivery in 1964. A deposit of \$75,000.00 has been paid at December 31, 1963.

3. In determining income for tax purposes the company is entitled to deduct in full the cost of producing oil and gas wells in the years in which these costs are incurred. The company's accounting practice, however, is to amortize these costs over the estimated life of the wells and this has resulted in the company claiming for tax purposes expenses in excess of those being charged against income. In the years prior to 1963 no adjustment was made for income taxes which would be payable in future years when the expenses which could be claimed for tax purposes would be less than those charged against income. In order to provide for this future tax liability which is estimated at \$289,000 at January 1, 1963 the company transferred this amount from earned surplus to an account described as "Accumulated tax reductions applicable to future years" on the attached balance sheet.

Taxes payable for the year ended December 31, 1963 have been estimated at \$44,000 as compared to taxes charged against income of \$6,100. This difference is due to the fact that the amortization of the cost of producing oil and gas wells recorded during 1963 exceeded the actual costs incurred which are deductible for tax purposes and this difference has been charged to "Accumulated tax reductions applicable to future years."

4. During 1963 the company changed the basis of amortizing the cost of producing gas wells. The basis adopted in 1963 is to write off the unamortized balance of the cost of producing gas wells at January 1, 1963 on the unit of production basis. These calculations are based on the report made by Messrs. DeGolyer and McNaughton, Consulting Engineers, as to the estimated recoverable gas reserve as at December 31, 1963.

In 1962 the amortization of cost of gas wells was based on the estimated life of the wells. Had the company provided 1962 amortization on the same basis as that used in 1963, the amount charged against operations would have been reduced by approximately \$135,000 and net profit for the year before taxes on income would have been greater by a like amount.

5. The amounts included in the statement of consolidated profit and loss for the year ended December 31, 1962 in respect of Consolidated West Petroleum Limited are as reported upon by Messrs. Cheney, Glenn & Graydon, Chartered Accountants.

6. The shares of Underwater Gas Developers Limited previously held by other shareholders were purchased by Consolidated West Petroleum Limited on December 23, 1963.

7. Subsequent to December 31, 1963, the company entered into an agreement with Long Point Gas & Oil Limited for the purchase of all the assets and the assumption of all of the liabilities of Long Point Gas & Oil Limited and of its subsidiary Translake Drilling Limited. The net purchase price of \$417,830 is to be satisfied by the issue of 208,915 shares of Consolidated West Petroleum Limited at \$2 per share. The sale is subject to the approval of the shareholders of Long Point Gas & Oil Limited.

CONSOLIDATED WEST PETROLEUM LIMITED

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

Year Ended December 31, 1963
(with comparative amounts for 1962)

	1963	1962	Increase or (decrease)
REVENUE:			
Gas sales	\$ 505,921	\$ 529,443	\$ (23,522)
Oil sales	19,955	38,071	(18,116)
Drilling and services (net of operating expenses)	82,062	160,532	(78,470)
Interest	10,304	3,213	7,091
Miscellaneous	1,798	2,939	(1,141)
	<u>\$ 620,040</u>	<u>\$ 734,198</u>	<u>\$ (114,158)</u>
EXPENSES:			
Operating	\$ 187,453	\$ 122,708	\$ 64,745
Royalties, gas tax and lease rentals	77,306	69,590	7,716
Administration and general	61,692	55,735	5,957
Executive and office salaries	60,466	60,085	381
Directors' fees	4,725	5,875	(1,150)
	<u>\$ 391,642</u>	<u>\$ 313,993</u>	<u>\$ 77,649</u>
Operating profit before depreciation, amortization and other charges	<u>\$ 228,398</u>	<u>\$ 420,205</u>	<u>\$ (191,807)</u>
DEDUCT:			
Depreciation	\$ 77,877	\$ 106,182	\$ (28,305)
Amortization of cost of producing wells	85,197	240,012	(154,815)
Loss or (profit) on disposal of fixed assets	(17,437)	16,581	(34,018)
Dry holes and other pre-production expense	78,127	45,234	32,893
	<u>\$ 223,764</u>	<u>\$ 408,009</u>	<u>\$ (184,245)</u>
Net profit before taxes on income	\$ 4,634	\$ 12,196	\$ (7,562)
Taxes on income	6,100	24,109	(18,009)
Net loss	<u>\$ 1,466</u>	<u>\$ 11,913</u>	<u>\$ (10,447)</u>
Interest of minority shareholders in net profit of subsidiary	1,326	73	1,253
Net loss transferred to consolidated earned surplus	<u>\$ 2,792</u>	<u>\$ 11,986</u>	<u>\$ (9,194)</u>

The attached "Notes to the Consolidated Financial Statements" form a part of this Statement and must be read therewith.

CONSOLIDATED WEST PETROLEUM LIMITED

STATEMENT OF CONSOLIDATED EARNED SURPLUS Year Ended December 31, 1963

Balance December 31, 1962	\$ 917,695	
Add adjustment of prior years' expenses less minority shareholders' interest	12,276	
		<u>\$ 929,971</u>
Deduct:		
Net loss for year	\$ 2,792	
Amount credited to accumulated tax reductions applicable to future years (note 3)	289,000	
Write off of investments (net)	22,000	
Dividends at 10¢ per share	111,993	425,785
Balance December 31, 1963		<u>\$ 504,186</u>

The attached "Notes to the Consolidated Financial Statements" form a part of this Statement and must be read therewith.

AUDITORS' REPORT

To the Shareholders of
Consolidated West Petroleum Limited.

We have examined the consolidated balance sheet of Consolidated West Petroleum Limited as at December 31, 1963 and the statements of consolidated profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus present fairly the financial position of the companies as at December 31, 1963 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles.

London, Canada,
March 12, 1964.

CLARKSON, GORDON & CO.,
Chartered Accountants.

LONG POINT GAS & OIL LIMITED

ROOM 3, WOOLWORTH BUILDING

ROBINSON STREET

NOV 29 1962

SIMCOE, ONTARIO

GA. 6-2925

INTERIM REPORT TO THE SHAREHOLDERS

During the 1962 field season, your Company drilled a total of four wells; two in the Port Maitland area, and two in the Rainham Township area. The Port Maitland wells were located off-setting the producing gas field; one was completed as a dry hole and the other is now a commercial producer although below average production capacity. This second well has been connected to the main pipe-line and will be placed on stream as soon as the necessary Government regulations have been complied with.

The two wells drilled in the Rainham Township area, at the west end of the largest block of off-shore acreage, should be considered as "wild cat" wells, although other companies have developed a fairly substantial gas field immediately adjacent to the Long Point acreage. One of these wells - the one nearest shore - was a dry hole and the second was completed as a commercial producer. No attempt was made to construct a pipe-line to produce this well; however it is hoped that next year there will be sufficient funds available to investigate thoroughly the possibilities of the Rainham Township area.

Some remedial work, such as cleaning out the salt and water from the producing wells in Port Maitland and in Port Dover, was done and this increased the productive capacity of the re-worked wells.

Your subsidiary, The Translake Drilling Company, drilled one well under contract to another Company late in the season and a modest profit was earned through this work.

2000 10 10

Gas sales during the summer months were about the same as last year and the income from these sales was used to reduce the bank loan under which your Company has been operating. Gas sales during the winter months are expected to be somewhat lower than those for the previous year.

The Port Maitland gas field has not lived up to original expectations. These wells, which are located in the White Medina formation, originally had a deliverability of approximately six million cubic feet per day. However, there has been a rapid decline during the past three years and the field now, even with a compressor which was installed in August, is not capable of producing more than one and a quarter million cubic feet per day under the pressures required for delivery. The wells in the Rainham Township area and in Port Dover, and the wells drilled beyond the limits of your Company's acreage by other interests are almost wholly in the Red Medina Formation. It has been your Company's experience, and the experience of other lake operators that the decline curve for production from this formation is much more gradual than from the White Medina.

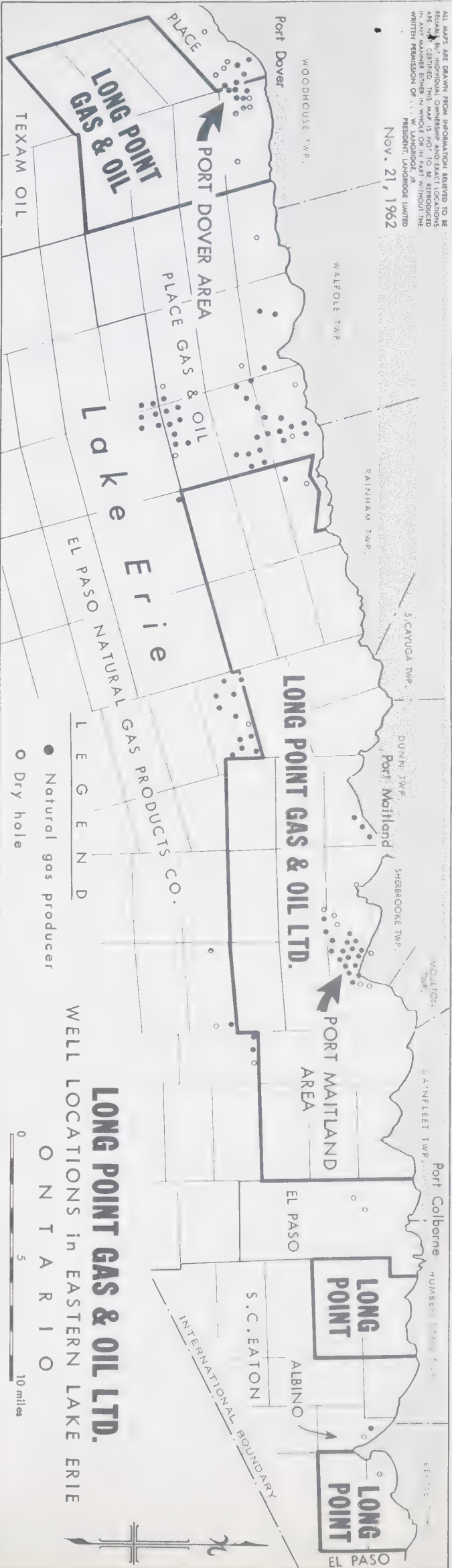
It will be Company policy to drill some additional wells in the Port Maitland area but, in future, more attention is planned for areas where Red Medina production may be expected.

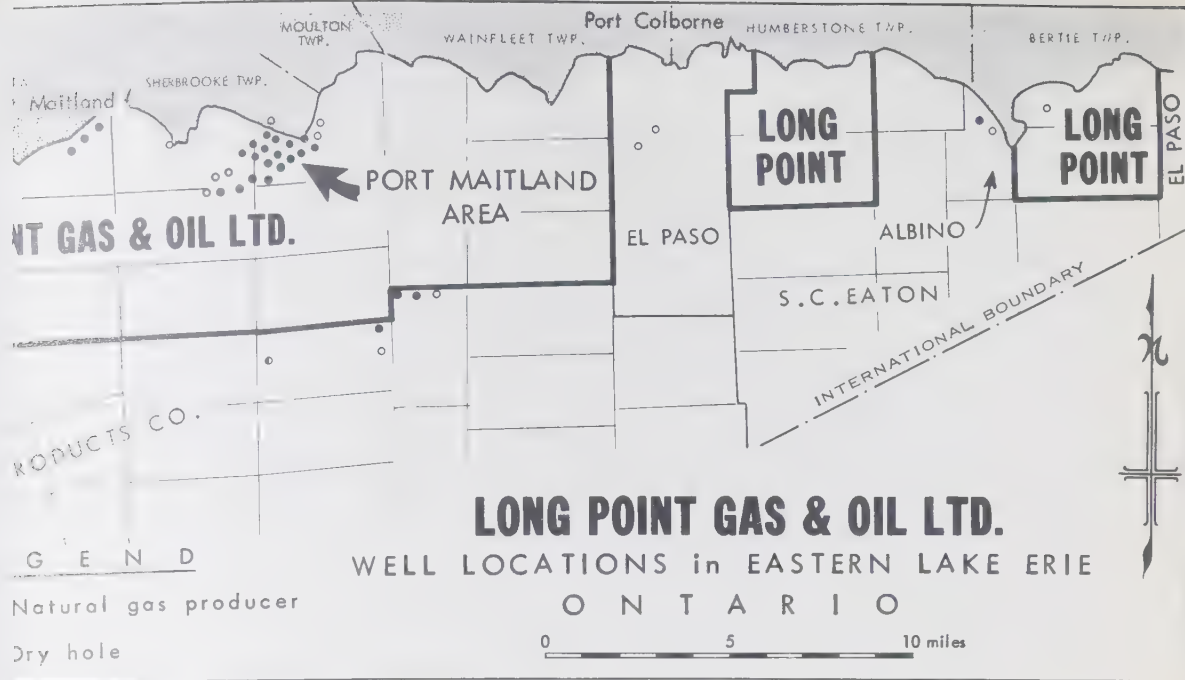
M. A. COOPER
President.

November 26th, 1962.

ALL MAPS ARE DRAWN FROM INFORMATION BELIEVED TO BE
RELIABLE, BUT INDIVIDUAL OWNERSHIP AND EXACT LOCATIONS
ARE NOT CERTIFIED. THIS MAP IS NOT TO BE REPRODUCED
OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, WITHOUT THE
WRITTEN PERMISSION OF
W. LANGRISH, JR.
PRESIDENT, LANGRISH LIMITED

NOV. 21, 1962





file
LONG POINT GAS & OIL LTD

TORONTO -DJ- DURING THE 1961 FIELD SEASON LONG POINT GAS & OIL LTD DRILLED 13 WELLS ONE OF WHICH WAS ABANDONED M A COOPER PRESIDENT SAYS IN A LETTER TO SHAREHOLDERS

SEVEN WELLS COMPLETED OFFSHORE IN LAKE ERIE HAVE A TOTAL INITIAL OPEN FLOW OF 6 858 000 CU FT PER DAY - OF THESE FOUR ARE CONNECTED TO THE PORT MAITLAND PIPELINE AND NOW ARE PRODUCING MR COOPER SAYS - ONE PRODUCING WELL IS SITUATED NEAR SHORE IN THE CENTRAL PORT MAITLAND FIELD AND THE OTHER THREE ARE IN THE SOUTHWEST PART OF THE SAME FIELD

OCT 17 1961

A NEW GAS FIELD WAS DISCOVERED ABOUT THREE MILES WEST OF THE PORT MAITLAND FIELD IT IS STATED - ONLY MODEST AMOUNTS OF GAS CAN BE SOLD AT THIS POINT BUT DEMAND IN THE AREA IS EXPECTED TO IMPROVE OVER THE NEXT FEW YEARS

GAS SALES BY LONG POINT DURING THE SUMMER WERE CONSIDERABLY HIGHER THAN IN THE 1960 SEASON MR COOPER SAYS - IN JUNE JULY AND AUGUST OF THIS YEAR GAS SALES TOTALED 107 747 000 CU FT AGAINST 39 916 000 CU FT IN THE SAME 1960 PERIOD

CURRENT DAILY SALES AVERAGE BETWEEN 2 000 000 AND 2 500 000 CU FT AND THIS IS EXPECTED TO BE BOOSTED TO 3 000 000 CU FT THIS FALL AND WINTER

LATE LAST YEAR A CONTRACT WAS SIGNED WITH UNION GAS CO COVERING LONG POINT-S CURRENT GAS PRODUCTION

Nov 24 10

AR23

LONG POINT GAS & OIL LIMITED

ROOM 3, WOOLWORTH BUILDING

ROBINSON STREET

SIMCOE, ONTARIO

NOV 24 1960

GA. 6-2925

24th November, 1960.

INTERIM REPORT TO THE SHAREHOLDERS

The results obtained during the 1960 field season are highly gratifying. There were ten wells successfully completed, all in the Port Maitland area. While these ten wells represented only 29% of the total number drilled by all companies in Lake Erie, they provided 59% of the gas-flow obtained from all wells. The combined initial open-flow of Long Point's wells was 13,070,000 cu.ft., or an average of 1307 m.c.f. per well. Including the wells drilled previously, the Company now has drilled 14 wells in the Port Maitland area and completed 13 of these as commercial producers. The combined initial open-flow of all these wells amounted to 24,400,000 cu.ft. per day, or an average of 1877 m.c.f. per well.

The Union Gas Company has constructed a 6" pipeline between Port Maitland and the gathering system built by Long Point at Mohawk Point, a distance of 5 miles. This enables Long Point gas to supply the Town of Port Maitland and, most important, to supply two new industries there whose requirements are expected to be substantial. In addition, the terminus of the 6" pipeline at Port Maitland is connected to the main Union Gas system at Dunnville, through a recently completed 3" transmission line. This will enable Long Point gas to be marketed through the main Union system should it develop sufficient flow to enable it to serve broader markets.

All the completed wells in the Port Maitland area have been connected to the Long Point gathering system which, in turn, is connected to the Union Gas transmission line terminal at Mohawk Point. Gas sales have been sharply increased since the connection with the main Union Gas system was completed.

The producing gas wells in the Port Dover area were re-worked during the year. This work consisted mainly in removing salt and other materials which accumulate in the wells as they are produced. The production from the wells on which this work was done was greatly improved.

During the months of August, September and October, sales have amounted to \$4,979.80, \$16,128.60 and \$20,228.83 respectively. For the balance of the winter months gas sales are expected to average about \$30,000 to \$35,000 per month; moreover, with the current industrial expansion in the Port Maitland area, the income from gas sales should not decline to any appreciable extent during the summer months.

Your Company has been successful in adding substantially to its productive capacity and in expanding its markets in the 1960 field season. The increased income from gas sales is expected to provide adequate working capital to finance an active exploration and development programme in 1961.

M. A. COOPER,
President.

MAC/BMS.

LONG POINT GAS & OIL LIMITED

INCORPORATED IN CANADA
SINCE 1907

NOV 24 1980

MEMORANDUM TO THE BOARD OF DIRECTORS

The following report is submitted to the Board of Directors for their consideration and approval. It contains a summary of the operations of the Company during the year ended December 31, 1979, and a statement of the financial position of the Company as at that date. The report also contains a statement of the cash flows of the Company during the year.

The operations of the Company during the year ended December 31, 1979, were satisfactory. The production of gas and oil was in line with the forecast, and the sales of these products were satisfactory. The financial position of the Company as at December 31, 1979, was satisfactory. The cash flows of the Company during the year were satisfactory.

All the assets of the Company are in good condition, and the liabilities are in good condition. The Company is in a sound financial position, and the Board of Directors is satisfied with the results of the operations of the Company during the year.

The Board of Directors is satisfied with the results of the operations of the Company during the year, and it is recommended that the report be approved and adopted by the Board.

The Board of Directors is also satisfied with the financial position of the Company as at December 31, 1979, and it is recommended that the statement of financial position be approved and adopted by the Board.

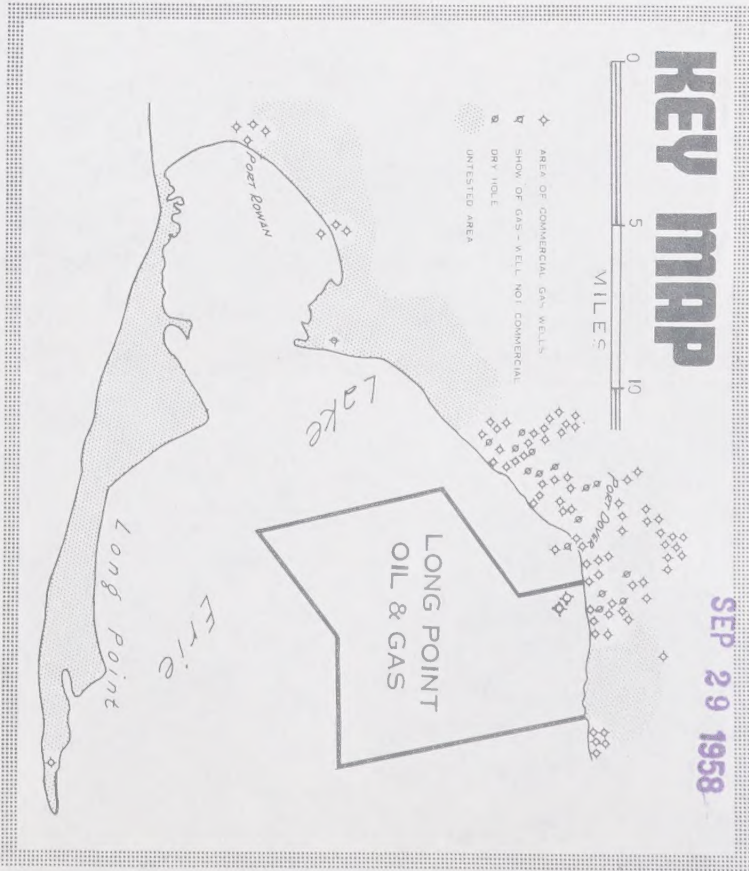
The Board of Directors is also satisfied with the cash flows of the Company during the year, and it is recommended that the statement of cash flows be approved and adopted by the Board.

SEP 29 1958

KEY MAP



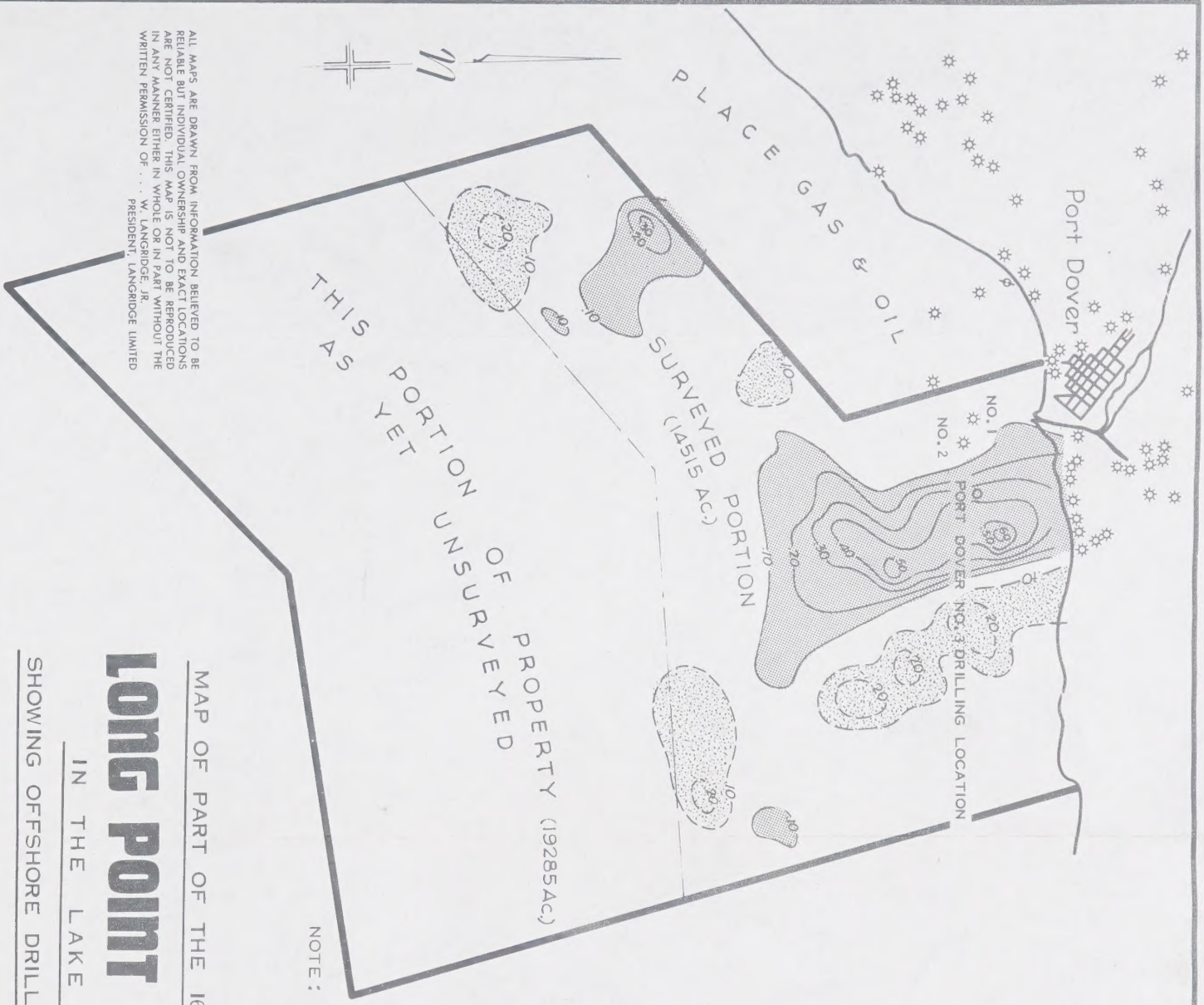
- ◆ AREA OF COMMERCIAL GAS WELLS
- ◊ SHOW OF GAS - FILL NO COMMERCIAL
- DRY HOLE
- ░ UNTESTED AREA



Legend

- POSITIVE ANOMALIES
- NEGATIVE ANOMALIES

NOTE: GRAVITY ANOMALIES INDICATE STRUCTURAL HIGHS IN THE GUELPH AND MEDINA FORMATION, PROBABLY INDICATIVE OF OIL AND GAS ACCUMULATION.



ALL MAPS ARE DRAWN FROM INFORMATION BELIEVED TO BE RELIABLE BUT INDIVIDUAL OWNERSHIP AND EXACT LOCATIONS ARE NOT CERTIFIED. THIS MAP IS NOT TO BE REPRODUCED IN ANY MANNER EITHER IN WHOLE OR IN PART WITHOUT THE WRITTEN PERMISSION OF . . . W. LANGRIDGE, JR. PRESIDENT, LANGRIDGE LIMITED

MAP OF PART OF THE 161,000 ACRES HELD UNDER LICENSE BY

LONG POINT GAS & OIL LIMITED

IN THE LAKE ERIE NATURAL GAS AREA

SHOWING OFFSHORE DRILLING AND RESULTS OF GRAVITY SURVEY

SEPT. 8, 1958



